

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 IO-14 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 XMB-07

PA-04 PRS-01 USIA-15 DRC-01 SS-20 NSC-07 L-03 SWF-02

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6598

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PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJ: EC INTEREST IN CONSULTATION WITH U.S. ON
EXPORT CREDITS

REF: EC BRUSSELS 1514

1. SUMMARY: EC COMMISSION OFFICIALS HAVE INFORMALLY
AND UNOFFICIALLY ASKED THE MISSION TO INQUIRE IF
TREASURY ASST SECRETARY HENNESSY COULD COME TO
BRUSSELS ON MONDAY, MAY 6, FOR DISCUSSIONS WITH EC
OFFICIALS ON EXPORT CREDITS. END SUMMARY.

2. COMMISSION OFFICIALS HAVE ADVISED US THAT THE
MEETING OF THE EC COUNCIL WORKING GROUP (REFTEL) WENT
WELL, THAT MOST OF THE MEMBER STATE RESERVES WERE
LIFTED, AND THAT FINAL APPROVAL OF THE PROPOSALS IS
EXPECTED WHEN THE GROUP MEETS AGAIN APRIL 3-4. THE
PURPOSE OF THE CONSULTATIONS IN BRUSSELS WOULD BE TO
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DISCUSS THE COMMUNITY'S PROPOSALS WITH MR. HENNESSY AS

A FIRST STEP IN SEEKING ASSOCIATION OF THE U.S. IN A GENTLEMEN'S AGREEMENT ON THE INTEREST RATE AND DURATION OF EXPORT CREDITS. COMMUNITY OFFICIALS WOULD NOT RPT NOT EXPECT MR. HENNESSY TO GIVE AN IMMEDIATE U.S. REACTION TO THE COMMUNITY'S PROPOSALS.

3. ASSUMING THE WORKING GROUP APPROVES THE PROPOSALS WHEN IT MEETS ON APRIL 3-4, A FORMAL INVITATION WOULD BE ISSUED TO MR. HENNESSY AND THE PROPOSALS MADE AVAILABLE TO THE MISSION FOR TRANSMISSION TO WASHINGTON. (COMMISSION OFFICIALS HAVE DECLINED TO INFORM US OF THE DETAILS OF THE PROPOSALS PRIOR TO THEIR FINA APPROVAL. WE HAVE LEARNED FROM OTHER SOURCES INVOLVED IN THE DISCUSSIONS, HOWEVER, THAT THE PROPOSALS INCLUDE: A) A MINIMUM INTEREST RATE ON EXPORT CREDITS OF SEVEN PERCENT, AND B) MAXIMUM DURATION OF FIVE FYEARS ON CREDITS FOR INDUSTRIALIZED COUNTRIES, 8-1/2 YEARS FOR STATE-TRADING COUNTRIES, AND 10 YEARS FOR DEVELOPING COUNTRIES.)

4. IF THE DATE OF MAY 6 IS NOT SUITABLE TO ASST SECRETARY HENNESSY, COMMISSION OFFICIALS WOULD BE PLEASED IF HE WOULD SUGGEST ALTERNATE DATES. (COMMISSION OFFICIALS MENTIONED THAT MAY 9 IS SCHUMAN DAY--AN EC HOLIDAY-- AND THAT MAY 10 WOULD BE DIFFICULT BECAUSE OF MEETINGS BEING HELD AT THE OECD.)

5. ACTION REQUESTED: THAT THE MISSION BE ADVISED IF ASST SECRETARY HENNESSY WOULD BE AVAILABLE FOR DISCUSSIONS WITH EC OFFICIALS IN BRUSSELS ON MAY 6. GREENWALD

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